

To: City of Cupertino
Legislative Review Committee

From: Townsend Public Affairs, Inc.

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Subject: Legislative Update

In May, both the Assembly and Senate returned to the Capitol for legislative business and to continue their work on the state budget. The Assembly reconvened from recess on May 4th, while the Senate reconvened on May 11th. Since the two Houses returned from recess on different dates, the Senate and Assembly are currently operating on different legislative calendars. May 29th was the last day for policy committees, in the Assembly, to refer fiscal bills to the Appropriations Committee. Approximately 300 bills advanced out of policy committees and were referred to the Assembly Appropriations Committee, which in turn concluded its work on June 5th.

Between the Assembly and Senate, there are just over 600 active bills still being considered. This represents approximately one-quarter of the bills that were introduced last year and is significantly fewer bills than would be active under normal circumstances.

Below are the upcoming tentative dates for the Legislature.

June 15: Budget must be passed by midnight
June 19: Last day for fiscal committees, in the Senate, to pass bills
June 19: Deadline for bills to pass the Assembly
June 19 – July 13: Assembly Summer Recess
June 25: Last day for a legislative ballot measure to qualify for the November General Election
June 26: Deadline for bills to pass the Senate
July 2 – July 13: Senate Summer Recess

Governor's COVID-19 Action Summary

For the last few weeks, Governor Newsom has reduced the number of press conferences he is holding to provide updates on the state's response to COVID-19. However, the Administration has still been actively working with local governments, public health officials, and other stakeholders to advance the reopening of the state's economy.

Below is a summary of the major COVID-19 actions taken by the Newsom Administration in May:

- **June 12th: Phase 3 Reopening.** The state has released guidance which allows for the reopening of schools, day camps, bars, wineries, gyms, campgrounds, professional sports, hotels, casinos, museums, zoos and aquariums, family entertainment centers,



family friendly practices for employers, support for working families, and the resumption of music, film and television production beginning on June 12th.

- **May 29th: Rent Eviction, DMV, Childcare.** Governor Newsom issued an Executive Order extending authorization for local governments to halt evictions for renters impacted by the COVID-19 pandemic, through July 28th. The order also extends the waiver permitting the Department of Motor Vehicles to allow for mail-in renewals of driver's licenses and identification cards, and waives certain programmatic and administrative requirements that restrict childcare and afterschool programs from serving children of essential infrastructure workers.
- **May 22nd: Contact Tracing.** Governor Newsom launched "California Connected", the state's comprehensive contact tracing program and public awareness campaign.
- **May 12th: Testing.** Governor Newsom announced that more than 1 million diagnostic tests for the virus have been conducted statewide.
- **May 8th: November Election.** Governor Newsom signed an executive order that requires each county's elections officials to send vote-by-mail ballots for the November 3, 2020 General Election to all registered voters.
- **May 7th: Phase 2.** Governor Newsom modified the stay-at-home order by issuing industry guidance that allows certain businesses to begin reopening with modifications that reduce risk and establish a safer environment for workers and customers.
- **May 6th: Property Taxes.** Governor Newsom issued an executive order that waives penalties on property taxes for residents and small businesses experiencing economic hardship based on COVID-19 and extending the deadline for filing property tax statements.

Summary of Re-Opening California

On April 14th, the Governor released six indicators to be considered in order to move forward with re-opening the state. The six indicators for modifying the stay-at-home order are:

1. The ability to monitor and protect our communities through testing, contact tracing, isolating, and supporting those who are positive or exposed;
2. The ability to prevent infection in people who are at risk for more severe COVID-19;
3. The ability of the hospital and health systems to handle surges;
4. The ability to develop therapeutics to meet the demand;
5. The ability for businesses, schools, and childcare facilities to support physical distancing; and



6. The ability to determine when to reinstitute certain measures, such as the stay-at-home orders, if necessary.

In late April, the Governor then laid out four stages to re-open the state. Those four stages to re-open California are:

Stage 1: Individuals stay at home unless they are a member of the essential workforce.

Stage 2: Lower risk workplaces re-open, including:

- Non-essential manufacturing (toys, furniture, clothing, etc.)
- Schools
- Childcare facilities
- Retail businesses for curbside pick-up
- Offices where working remote is not possible, but can be modified to make the environment safer for employees

Stage 3: Higher risk workplaces re-open, which require close proximity to other people, including:

- Hair salons
- Nail salons
- Gyms
- Movie theaters
- Sporting events without live audiences
- In-person religious services (churches and weddings)

Stage 4: Ending the stay-at-home order, which would allow for the re-opening of:

- Concert venues
- Convention centers
- Sporting events with live audiences

By the end of May, all of the state's counties have moved into Stage 2 of reopening, including many counties which have moved to the advanced re-openings permitted under Stage 2. The state is closely monitoring cases throughout the state, and the Governor could reinstate stay-at-home orders, with modifications, if there are large numbers of new cases as counties advance into Stage 3.

May Revise Summary

On May 14th, Governor Newsom released the May Revise of his FY 2020-21 State budget. The May Revise represents a dramatic change from the Governor's January Budget, as it reflects the impact of the coronavirus pandemic on the state's economy, as well as the increased demand for many state services. The full impact of the pandemic has led to a projected budget deficit of \$54 billion, with an out-year structural deficit of approximately \$45 billion per year. This deficit has materialized in the last three months, as the state has seen a 22.3% reduction in state revenues generated from sales tax, personal income tax, and corporate taxes.

In response, Governor Newsom has proposed a budget that addresses the short fall through a mix of budget cuts, revenue generating measures, internal borrowing, accessing of state



reserves, and increased resources from the federal government. The May Revise budget proposal contains \$133.9 billion in General Fund spending. This represents a reduction in General Fund spending of \$12.5 billion, or a 9.4% decrease, from the current budget year. The budget proposal addresses the projected \$54.3 billion budget deficit by utilizing the following strategies:

Shortly after the release of the May Revise, the Assembly and Senate Budget Committees, and subcommittees, met to hear details of the May Revise proposal from the Department of Finance and the Legislative Analyst's Office. After receiving information during these hearings, the Senate and Assembly Budget Committees began working together to craft their budget alternative.

On June 3rd, the Senate Budget Committee approved their version of the budget, which differs in many ways from the May Revise. While the Senate Budget closes the \$54 billion budget shortfall in a similar framework as the May Revise, with a mix of spending reductions, temporary new revenues, borrowing/transfers/deferrals, reserves, and anticipated federal funds/triggered solutions, the Senate proposal rejects most of the Governor's spending reductions. Specifically, the Senate's version of the Budget anticipates that the state will receive \$14 billion in additional federal support and if the funds do not materialize, a number of solutions would go into effect in October. The May Revise, on the other hand, includes \$14 billion in cuts that would be included as part of the budget, and would only be averted if federal funds materialized before September 1st.

On June 10th, Senate Pro Tem Atkins and Speaker Rendon indicated that they had not yet reached an agreement with Governor Newsom on the final budget, but the two Houses would be moving ahead and voting on the Senate version of the budget on June 15th. The legislative leaders indicated that they would continue to work with the Administration on a final budget deal and anticipated additional legislation would need to be considered to modify the budget that will be considered by the Legislature on June 15th. At this time, it is unclear if the Governor plans to sign the Senate's version of the budget, or if he would require a final deal to be reached prior to acting on the Legislature's budget.

Excessive Use of Force

Over the last several weeks, the Governor and the Legislature have been engaged in conversations surrounding the state's role in the treatment of people of color, the appropriate use of force by law enforcement, and other issues that have surfaced since the death of George Floyd. On June 5th, Governor Newsom announced his support for new policing and criminal justice reforms, and he committed to working on a statewide standard for policing protests and ending the carotid hold.

Similarly, members of the state legislature, led by the Legislative Black Caucus, have indicated that they will be pursuing legislation to enact criminal justice reforms. Assembly Member Mike Gibson indicated his intent to amend AB 1196 to prohibit the use of a number of restraint tactics, including the carotid hold, practiced by law enforcement. Additionally, on June 10th, the Assembly approved ACA 5 (Weber) a measure that, if approved by the Legislature, would put a statewide ballot measure before voters to decide if they would like to repeal Proposition 209, which was previously approved by voters in 1996. It is likely that additional measures will be introduced in the coming weeks in response to systemic injustice and reforms that the state can make to improve the educational, economic, and health inequities impacting communities.



Priority Legislation

Below is are legislative items that we have been monitoring, that have the potential to impact the City.

AB 1924 (Grayson): Housing Development: fees.

Would require that a fee levied or imposed on a housing development project by a city be proportionate to the square footage of the proposed unit or units. **This bill has been referred to the Assembly Local Government and Housing and Community Development Committees but was not heard in committee prior to its deadline. This measure is ineligible to be considered this year.**

AB 2093 (Gloria): Public records: writing transmitted by electronic mail: retention

This bill would require a public agency, for purposes of the California Public Records Act, to retain and preserve for at least 2 years every public record, as defined, that is transmitted by electronic mail. This is a re-introduction of AB 1184 from last year that was vetoed by the Governor. **This bill was approved by the Assembly Judiciary Committee and referred to the Assembly Appropriations Committee. The bill did not receive a hearing prior to the fiscal committee deadline and therefore is ineligible for additional consideration.**

AB 2178 (Levine): Emergency Services.

The bill would redefine “state of emergency” and “local emergency” under state law to include “de-energization” events, defined as a public safety power shutoff (PSPS). This measure would allow for local agencies to access sources of emergency funding to manage PSPS events, where previously they would have been unable to. **This bill passed Assembly Floor on a 76-0 vote and is currently in the Senate awaiting referral to committee.**

AB 3155 (Rivas): Subdivision Map Act: streamlined approval process

Current law, until January 1, 2026, authorizes a development proponent to submit an application for a multifamily housing development that is subject to a streamlined, ministerial approval process and not subject to a conditional use permit, if the development satisfies specified objective planning standards. This bill would exempt a project from the objective planning standard described above, if the project involves the subdivision of a parcel for 10 or fewer units and is not a part of a larger project involving more than 10 units, the project is not a public work, and the project satisfies the requirements of any applicable inclusionary housing ordinance of the local government. **This bill was held on the Assembly Appropriations Suspense File and is no longer eligible for consideration.**

AB 3173 (Bloom): Microunit Buildings

This bill would require a city or county with a population of more than 400,000 people to permit the building of microunit buildings, as defined, in any zone where multifamily residential buildings are permitted. The bill would require that microunit buildings be permitted on the same basis as multifamily dwelling units. The bill would set minimum standards for the construction of microunit buildings, including floor-space ratios and setback requirements. The bill would require that specified percentages of microunit buildings be set aside for affordable housing. **This bill has been referred to the Assembly Housing and Community Development and Local**



Government Committees but was not heard in committee prior to deadline. This measure is ineligible to be considered this year.

SB 795 (Beall): Affordable Housing and Community Development Investment Program.

This bill allocates \$10 billion over five years to several existing housing, homelessness, and pre-apprenticeship programs, as well as creating two new infrastructure financing programs at Go-Biz. **This bill passed the Senate Housing Committee and is currently in the Senate Appropriations Committee.**

SB 899 (Wiener): Planning and zoning: housing development: higher education institutions, nonprofit hospitals, or religious institutions

This bill provides that affordable housing is a use-by-right on land owned by a religious institution, nonprofit hospital, or nonprofit college, if certain conditions are met. **SB is currently in the Senate Appropriations Committee and has been referred to the Suspense File. It will be considered by the Committee on June 18th.**

SB 950 (Jackson): California Environmental Quality Act: housing and land use

This bill makes various changes to the California Environmental Quality Act (CEQA) including, an exemption for emergency shelters, supportive housing, and transitional housing projects; changes to translation guidelines of CEQA documents; an optional, alternate process for receiving public comments; and requiring a report be submitted to the Attorney General if an action or proceeding is settled and involves the payment of money. **SB 950 was heard in the Senate Judiciary Committee on May 29th and failed on a 3-2 vote. Since the measure failed to pass policy committee prior to the deadline, the measure is not eligible for additional consideration.**

